



CSR communication of a large bank

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Nowadays in the business and corporate world we can increasingly often hear the expression Corporate Social Responsibility. In the democratic countries of the world the CSR communication develops fast and it is one of the essential elements of economic philosophy. In Hungary the CSR communication is in a hard situation because in the Hungarian media, the distinction between surreptitious advertising and CSR is not yet defined by law and regulated. In previous conference studies I dealt with the CSR communication of Hungarian large banks among which the OTP Bank has the best experience. The aim of my study is to examine the communication of CSR activities through the example of a Hungarian large bank, namely OTP Bank and to explore its potential. In my study firstly I describe the definition of CSR and its communication this is how the corporate social responsibility can be interpreted. Then I demonstrate the CSR communication tools. In the main part of my writing I examine the possibilities of CSR presence and analyze the application of CSR communication tools in the case of a Hungarian large bank. I close my study formulation of hypotheses for national bank sector and further research proposals. My main research questions are: 1. How CSR initiatives are being communicated? 2. How to get publicity for the CSR actions? 3. How to improve the CSR communication?

Keywords: corporate social responsibility, CSR communication, bank

JEL Codes: D83, M14

1 Theoretical background

1.1 Definition of CSR

Despite its short history the term Corporate Social Responsibility is widely addressed in literature. In 1970 in his article Milton Friedman denied the fact that companies deal with tasks apart from their mission, he declared that the only social responsibility of the corporation is to increase profits. But Friedman's ideas are not widely accepted in society or even in the business world itself (*Friedman, 1970*).

The Green Paper of the European Union described CSR as a "concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis" (*European Commission, 2001*).

On the basis of my definition CSR is carried out voluntarily by all businesses, which contribute to economic, social and cultural development whilst still taking into account the interests of stakeholders.

1.2 Types of CSR communication

CSR communication is “communication that is designed and distributed by the company itself about its CSR efforts” (Morsing, 2006). CSR communication is part of the internal and external public relations function which means conscious communication and organization of contacts, with internal and external business environments, as well as all members of society. The aim of it is the development of society and the strengthening of the organization’s positive perception. Its fact is the establishment and maintenance of relations based on mutual benefits between the company and the social factors shaping its environment (MÚOSZ, 2007).

Typically at corporate presentations the CSR communication can be defined with three approaches (Schmidheiny, Holliday, Watts, 2002):

- „Talk the talk” a type of company that talks about responsibility but there is no action behind it. Preach water and drink wine.
- „Walk the talk” a type of company already does something under its corporate social responsibility and does not just talk about it.
- „Talk the walk” a type of company primarily acts on CSR activity and later communicates it to improve the value of the company.

“Just Walk” slogan completes these approaches which means that the corporation behaves responsibly but doesn’t communicate it for its stakeholders. Let others talk about it so the company can be more credible and successful (Tóth, 2007).

There is the “Walk the walk” type of company. It sponsors under its corporate social responsibilities those institutions and corporations which do their CSR activities and supports committed by direction and theme of the company. This type of company sets the example and encourages the supported institutions to be responsible which gives it much greater credibility than the active communication of actions (Ásványi, 2009).

In relation to CSR communication, Ligeti and Oravecz differentiate two basic attitudes (Ligeti, Oravecz, 2009):

If the company follows „Quit CSR” attitude it will focus on CSR activities. These companies think that the CSR activity itself is valuable if it is not given great publicity. They don’t want to advertise their support actions they want to avoid causing resentment in society. They do not advertise their donations and they do not ask for anything in return. The point they see in the essence of CSR is doing something without compensation. They spend money on the cause itself rather than on CSR communication.

A “Load CSR” company puts great emphasis on corporate social responsibility with itself in the centre of communications. Their CSR activities get great publicity. They want to motivate other companies to support similar issues and raise public awareness

of stakeholders on issues that would not reach the public in any other way. In the background there are a lot of motivations to support CSR communication: the educational mission, promoting the supported organization or issue, business profit, informing employees and strengthening their commitment.

There are “*Medium CSR*” companies who represent “the golden mean”, because they also focus on CSR actions and communication. They also want to show an example and communicate their CSR initiatives to their stakeholders.

About CSR actions and communications three types of company can be differentiated:

- *Showing by telling* type means that the company does its CSR activity by telling other companies CSR actions, so it is the responsibility of informing society. These companies are from the media: TV channels, radios, newspapers, and online media.
- *Telling by showing* type means that the companies do not communicate directly its CSR actions they do it only by showing.
- *Show and tell* type companies do CSR actions and communicate them too.

While CSR communication is frequently channelled through corporate advertising, websites and reports, external media coverage has greater credibility among consumers and general public than communication from the corporations themselves (*Goodman, 1998*).

The CSR communication can be grouped by tools for *external* or *internal* communication. The internal communication tools are corporate newspapers, ethical codes, and sometimes thematic reports. All others are external tools.

Grunig (1992) classified the PR techniques to communicate CSR commitments.

- *Oral communication* is the best means of creating confidence, forums, meetings, interviews, and discussions.
- The advantage of *written communication* is that the information stays in fixed forms. Its disadvantage is that the feedback is very difficult. This communication tools are the corporate magazine and reports.
- *E-communication* combines the advantage of oral and written communication. E-mail and intranet can be categorized here.
- *Group meetings* are the fourth category: conference, exhibition.

The *creative communication* in CSR completes these categories (*Domenech, 2008*).

1.3 CSR communication tools

The communication tools of corporate social responsibility can be categorized based on the quantitative research of Ipsos-Insight, The Worldwide Qualitative Research Company in 2002-2003:

- The use of *logos* is the simplest and the most common means of communication of CSR activities because it has simple application if the report had already learned of the society.

- The *short labels* are easier to understand, however, require greater attention to the target people and preliminary campaign is needed before use.
- The advantage of *information papers* is that the person may decide to read it or not. It is costly, less efficient and pollutes the environment, which is not compatible with socially responsible behaviour. Only specific events, conferences connected should be used.
- The *advertisements* are very effective CSR communication tools as it is widely available for the target group, but only for short, simple information suitable for broadcasting. The *social ad* is the most common way of CSR communication, which is preferable for the media.
- The *report of a truly independent body*, which is known and recognized in society, may be the most reliable means of communication.
- The *journalist report* gives an opportunity to provide more detailed information, but the credibility of the report depends on the individual, so media meeting or journalism forums may prove more effective tool.
- The *company report* is equally important for all stakeholders and gives a free opportunity to further express of the CSR activities.

Extending this list some more categories can complete the CSR communication tools of Ipsos Insight (Ásványi, 2009):

- *Thematic reports* are publications, which refer to the performance of a business on a specific issue.
- *CSR awards* provide a platform for unified communications. Companies are presented as an example. They communicate truthful information. CSR actions are evaluated by an independent body. They could include special initiatives, which are organized in the company.
- *CSR conferences* aimed to support the domestic spread of CSR thinking and development of good practices. *CSR events* include specific initiatives or campaigns organized by the company to support or enhance knowledge on a specific issue or cause.
- The number of *CSR related sites* is growing steadily in our country, which is a positive trend. These sites focus on CSR communication and its delivery to the society: alternate.hu, csr.lap.hu, www.bpcsr.com, www.csrhirlevel.hu, www.csrhungary.eu, www.csrpiac.hu, www.csrservices.hu. It is important to mention the *blogs and forums* growing up today which don't give fully credible information but indicate that the society does address the issue and people are interested in corporate social responsibility. These methods may refer to a unique activity on a specific issue or to more constructive, wider and long term consultations: csr.blog.hu, csrblog.blogspot.com.
- The aim of *CSR-related applications* is to encourage the valuable news on promoting CSR, strengthen the press echo of CSR action and show the positive examples.

- The corporate website is a tool that increasingly is used by businesses for communicating CSR issues. They usually have a specific section in their website where they set out their policies for the economic, social and cultural issues. It can also include reports, publications and CSR-related conferences, events, websites but also updated information.

The study “Communicating corporate social responsibility” (CSR Europe, 2000a) and “The first ever European survey of consumers’ attitude on corporate social responsibility” (CSR Europe, 2000b) provide further communication tools: *codes of conduct and communication on product packaging*.

There are two other CSR communication tools which can help companies to be able to communicate their CSR initiatives. *Presentations* and *conference calls* also give opportunity to the publication of CSR activities. The company can show what it does exactly for responsibility. The *company magazine* helps to inform the employees about the CSR initiatives of the company.

2 Methodology and data collection

In order to probe CSR communication activities, the bank sector was chosen as the context for my study. The company selected for analysis was OTP Bank, one of the eight large banks in Hungary. In order to answer the three research questions proposed in this paper, the content of the website as well as its other communication tools were analysed. I chose to analyse the corporate website using *secondary research* and *qualitative document analysis*.

Three categories were determined: accessibility, content and usage of CSR communication tools. The principle aim of *accessibility* was to verify how easily and quickly one could find CSR information. The *content* category addressed giving publicity to CSR actions, CSR reports, code of ethics and partnerships with non-governmental organizations. The analysis concerned the quality of CSR information, the outcomes of the CSR actions, the results, the financial figures and the number of people who benefited. All of the *CSR communication tools* and their usage of the company were also analysed. This study restricted its analysis to CSR communication on the internet as stated in the proposed aims.

Data collection was conducted using the Internet. The website of the selected company and other associated sites were explored and analysed. The websites analysed were as follows: www.otpbank.hu, www.otpfayalapitvany.hu/alapitvany.html and the *CSR websites*.

3 Analysis and findings

On the first page of the OTP Bank website, none of the topics highlighted on the homepage are related to CSR. The website is easily navigated and displays search engines, a site map and help tools. The surface of the bank’s site can be read in English and blind version too which already refers to the responsible behaviour.

The *Ethical Declaration* of the bank can be found on the homepage in which there are the principles of social responsibility and one chapter about responsible corporate management.

The detailed CSR actions of the bank can be found below the link “About us” within “Our commitment”. Taking into account social and environmental sustainability and the aspects of the stakeholders OTP Bank’s approach represents a responsible business. This approach appears optimizing the environment impact, the mix of services to their customers, the attitude shown towards their employees, local communities and certain social groups supporting the efforts of equality. The Bank fights against money laundering. Corporate responsibility to the environment is also illustrated by a mission statement: “*Responsibility for the environment!*”, which is one of the bank’s short label for CSR.

From 2008 the *Climate Change Fund* offers an investment opportunity in to securities of companies which constitute the major portion of revenue in the global climate change resulting from the utilization of resources, the exploitation of business opportunities. In addition, the *OTP Clean Energy Fund* is working with the yield depending on the share of companies which are at the forefront of producing environment protected, clean, renewable energy. These are like the communication on product packaging.

The topic suggestions or comments are welcome at the csr@otpbank.hu. So the bank gives the opinion of their stakeholders, the company wants to develop their CSR communication tools through the e-mail contact.

There are related themes which contain the concrete CSR actions. The first one is the link “*Sponsorship and Support*”. The aim of OTP Bank’s CSR activities is to support more and more valuable program except the framework of financial services which serve the needs and interests of the whole society. The bank determined three sponsorship directions in which in 2008, nearly 300 regional and national initiatives sponsored and supported.

In the context of the *OTP Bridge Program* a number of initiatives, cultural events and outstanding work of art are supported that – about forming a bridge – contribute to the deepening of human relationships, creating value for the whole society. The *OTP Opportunity Program* supports the recovery of disadvantaged and sick children, the adoption of pure people and the education of young people. The *OTP Dynamism Program* supports a number of successful sport associations, prestigious home and international sport events and popular sports which is necessary for physical and mental stamina, high degree of concentration and precision teamwork. All of these programmes have their own logo, and on their pages a lot of pictures, detailed programmes and related links are available. There is some short information about the partial results of the CSR actions too. The majority of these programs is superficial and merely describes the projects without demonstrating the outcomes, such as numbers of people benefited or the results of the actions. In cases in which the results are demonstrated, the information is incomplete and fails to offer any form of verification of the information.

The other related theme of the Bank is the *OTP Fáy András Foundation* which has an own logo and website: www.otpfayalapitvany.hu/alapitvany.html. The aim of the

Foundation is the youth culture of the financial and economic development. Numerical results and a number of valuable information can be found there. The e-mail address, info@otpfayalapitvany.hu, is to give more information about the foundation activities and the competition. Their mission statement is “*Chance for future generations!*”.

The third direction of the Bank’s CSR is the *OTP Bank Financial History Collection* which symbolizes the financial institutions to protect the values. There is an accessibility with address and telephone number on the website. The last CSR action is the *OTP Gallery*. The bank maintains an exhibition which is possible to present the Hungarian contemporary artists’ work of art. The Bank also supports the contemporary art by purchasing the works of art.

In 2007, the first time, the bank released the *Social Responsibility Report*, which synthesized the sustainability of their practices and results. In addition, the company developed their strategy on social responsibility (CSR strategy), which put forward the long and medium term objectives for the next 5-10 years to achieve the active participation of their colleagues. The report contains the aims of sustainability, distribution of donation, concrete environmental results. There is a word list for stakeholders to be able to interpret the stranger words. The bank deals with achieving and informing the stakeholders. Many civilian comments and quote can be read. The bank seeks to improve internal communication: intranet, personal and indirect communication and the public folder. There is a chapter for the aim of CSR in which the bank explains the results, the future plans and the further directions. The presentation of the CSR section content is more complete than the website. The texts are longer and more informative in two ways; they are more transparent in relation to company commitment and they provide detailed information on programs. From the analysis of the OTP CSR content on the Report, it can be concluded that the quality of the information presented appears to be informative and uses real substance.

The compliance with independence increases the credibility of the bank. The GRI (Global Reporting Initiative) is a widely accepted international guide to compliance, *independent certification* is as important as in previous years.

The Bank received several international and national professional fees contributed by the public. Two of them are related to CSR. In 2009 The Readers Digest prepared a survey among its readers under which the OTP Bank is one of “*Trusted Brands 2009*” as well as this they also earned recognition in “*Trusted brands for the Environment 2009*” category. The company also received the “*Comenius Coin*” and the “*Comenius Pendant*” for the so-called “Corporate Social Responsibility” internal e-training. The bank should strive to obtain more CSR awards which could increase its recognition to society as well as could be an example of CSR actions to other companies.

The wording of the Bank’s mission and vision is: The goal of the Bank is to become the universal favourite bank group of Central and Eastern Europe with dynamic growth, effective management and operations and also responsible for social engagement. This goal also refers to responsible behaviour.

There are some other CSR communication tools which can only be found in the Search. The words typed were as follows: Corporate Social Responsibility, CSR communication, report, presentation, conference call.

The first of those CSR communication tools is the “*Bankó*”, the customer magazine of the OTP Bank. In the newsletter CSR-related articles are published and the bank’s main CSR-related events and initiatives are covered. The magazine gives opportunity to customers of the bank to obtain information about CSR actions.

In presentations and conference calls of the Bank there is no reference to CSR actions and results. The company should change this, because it can be useful for other companies, and the society would have more information about the CSR initiatives.

The *OTP Bank Annual Report* can be read in Hungarian and English version too. One of the chapters is the Corporate Social Responsibility. The report briefly summarizes the CSR activities of the Bank but does not involve the results of them.

In 2009 the OTP Bank a number of times appeared on the websites called: www.csрпиac.hu, www.csrhirlevel.hu, www.goodcsr.com, where a lot of journalist reports can be read.

The Bank participated in a CSR conference, the *CSR Market Exhibition 2009*, but the company did not participate in any CSR applications.

The OTP Bank struck an excellent deal with Duma Theatre operators and creating an *advertising campaign* together. This cooperation is beneficial for both of them; the Duma Theatre becomes more and more popular as do the OTP products. So it is not a direct but a CSR advertisement.

4 Discussion

Analyzing the OTP Bank, we can say that the company commits to communicating actions rather than words. The bank is a “*Talk the Talk*” type of company. It primarily does the CSR activity and later communicates it. The company represents the “*Medium CSR*” type. It also places great emphasis on CSR actions and its communication too. Finally the bank is a “*Show and tell*” type because it does and communicates the CSR actions. It seems that the company realizes the need and importance of not just communicating its commitment to social good, but presenting it in a prominent manner.

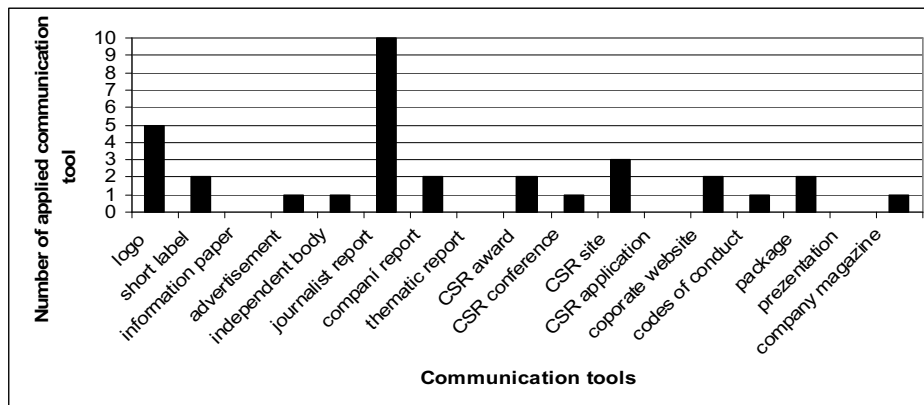
About accessibility it can be said that the OTP Bank gives several opportunities to informing society about CSR activities. It is easy to find the information about CSR initiatives on the website of the company.

The content of CSR information is detailed but there is little information on results. The Bank should communicate not just the initiatives but the performance and the effectiveness of them. It would be useful to the bank and to the stakeholders for the future.

The OTP Bank applies 13 communication tools of 17 to inform its stakeholders. The company also uses the other communication tools but it doesn't apply them for the CSR communication.

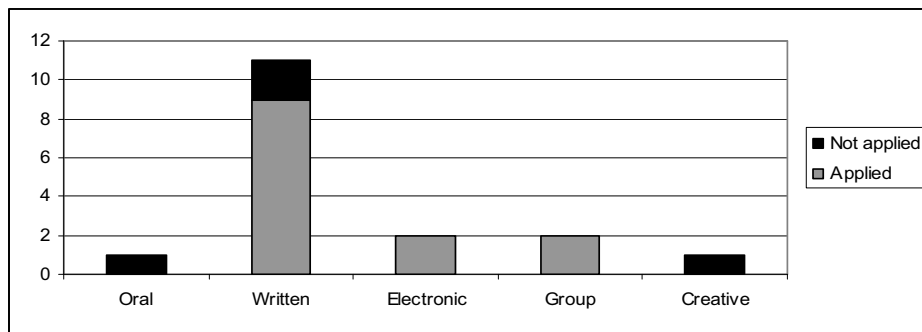
15 communication tools of 17 are external ones and the other two are internal. The bank applies both internal communication tools. The company magazine and the Ethical Declaration are the tools which aim specifically at the internal stakeholders and the employees of the bank. The 'not applied' communication tools are from external communication but this is the preferred method for the company.

Figure 1
Number of applied communication tools



As Figure 1 shows journalist report is the most common used CSR communication tool. In the Figure number 10 is just visual aids, it would like to illustrate the importance of this tool, there are much more journalist reports about OTP's CSR initiatives on the three CSR website and the homepage of the company. The logo is also frequently used CSR communication tool, OTP Bank has 5 one. The other communication tools are applied about the same number. The remaining assets are not used by the bank because of different reasons. The information paper is too expensive and is not compatible with the conscious behaviour. The target of its presentations is not the CSR stakeholders but the other companies and the media. The bank can be an example of communicating CSR on presentations. CSR application would be a great opportunity for the company to motivate other firms to be responsible. The thematic report can involve the special stakeholders by special themes.

Figure 2
Applied communication



As Figure 2 shows, most of its communication tools are written. Four of the tools can be categorized to electronic and group communication. The electronic tools of the bank are the corporate website itself and the CSR sites. The applied group communication tools are the CSR conference and the advertisement. The only creative communication tool is the CSR application, but the bank hasn't used it in 2009 for communicating its CSR activities. The company delivered conference calls as oral communication tool but it hasn't applied to informing its stakeholders about its responsible behaviour. The OTP Bank prefers written, electronic and group communication. The bank has not yet discovered the potential of oral and creative communication tools.

The motivation of my paper was to analyze how the Hungarian large bank publicizes its CSR communication. Two company websites and CSR related websites were analyzed. It was found that the company gives prominence to CSR-related issues on its homepage. The only way for company to demonstrate the importance of the subjects displayed on its website is to highlight them on their homepage.

Assuming from this analysis, we could say that the OTP Bank has a good policy to communicate CSR actions. The bank is very good and effective in CSR communication. It applies more than 70% of the applicable tools. The company should seek to inform its stakeholders on other channels not just the written ones. The bank should place great emphasis on creative appearing; it can be the key of the successful CSR communication.

In the future I aim to extend my research to other large banks in Hungary and to other media including newspapers and magazines which would address the problem of the bias of CSR messages emanating from corporate websites.

5 Conclusion and proposal

CSR is in the interest of the companies, whilst concentrating on development and investment in the future at the same time. Its important role is to contribute to society where state aid is insufficient or missing.

CSR communication is an important element of social and economic development which affects the companies' image, increases and strengthens the corporate identity and it could provide an example to other companies. Unfortunately there is a lack of time and resources at the disposal of the companies so they cannot pay adequate attention to communicate their social responsibility, and cannot utilize enough the CSR communication tools.

The study, presented in a large bank examined, assume (H1) that *the external communication tools give more credibility for companies than the internal ones*. The external communication tools are available by more stakeholders. People would rather believe an external person than the company itself. As the analysis already has shown, the OTP Bank also favours using external communication tools because of credibility. In addition, assume (H2) that *the expansion of the CSR activities would greatly improve the communication of CSR*. The creative design, the introduction of new ideas and the long-term cooperation of business stakeholders give a great opportunity for a wider use of CSR communication tools.

To improve the communication of CSR activities I propose a comprehensive analysis of research containing qualitative and quantitative elements. In the event of this research hypothesis being proved, it would be appropriate to rapidly develop the outlined options as to the extending of CSR activities for companies, the increase of communication would facilitate the current state of assisted areas and the companies also would find themselves in a more advantageous position.

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